



TOWN OF GIBSONS

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March 31, 2020

File No: 5500-07-005

Dear [Owner]:

Re: Gibsons District Energy Utility (GDEU) Decommissioning

As you are aware, the Town had intended to hold a public information meeting regarding the planned decommissioning of the GDEU. However, due to the current health crisis, this is no longer possible. As such, staff have put together an information package for you regarding the process for decommissioning the GDEU.

Background – Options Considered

Town staff and Council analyzed the following possible options for the future of the GDEU:

1. Expand the system to provide service to a larger area;
2. Maintain the current service area only; or
3. Decommission the system.

It was determined that expanding the system (Option 1) was dependent on factors that were outside of the Town's control, the most significant being the pace of development within a viable service area. In addition, some of the challenges with the system would still exist, particularly with the potential cost and disruption of an undetected leak. This option would also not allow customers to opt out of connection to the utility.

Option 2 would require steady rate increases with the same challenges that exist with the system now. Additionally, we would still face the difficulty of dealing with issues with the residents' heat pumps when Town staff are working on the system. This option would also not allow customers to opt out of connection to the utility.

Option 3 was ultimately chosen by Council as the preferred route. This option was further broken down

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"Nature is our most valuable asset"

into two choices: immediate decommissioning or a phased decommissioning over a three-year period. Council ultimately chose the second approach (phased decommissioning) which is being referred to as “Option 3b”.

Option 3b – Phased Decommissioning

The following provides a summary of the phased decommissioning. Additionally, a list of questions and answers that addresses other details follows. Should you have any other queries, please contact the undersigned and staff will respond to you individually.

If warranted, a second communication to address common questions will be provided at a future date.

1. The Town will keep the GDEU operational until September 30, 2023. After that, all properties are to be disconnected from the GDEU.
2. Property owners may choose to disconnect from the GDEU prior to the final disconnection deadline of September 30, 2023. Effective dates for disconnection will coincide with the utility billing periods and will be as follows:
 - October 1, 2020 to March 31, 2021
 - April 1, 2021 to September 30, 2021
 - October 1, 2021 to March 31, 2022
 - April 1, 2022 to September 30, 2022
 - October 1, 2022 to March 31, 2023
 - April 1, 2023 to September 30, 2023

We require you to notify the Town of the date that your new heating system will be installed which is to be no later than 30 days prior to the beginning of one of the above billing periods as the Town will need to shut off the valves at the property line which will prevent a pressure loss that would affect the remaining GDEU customers. GDEU user fees will no longer be charged, effective the beginning of the next billing period after disconnection.

3. The Town will compensate owners for the remaining life of their heat pumps as of 2023, based on an average life span of 15 years. For example, if your heat pump is five years old at the end of 2023, the Town will compensate you for the 10 years of life remaining.
4. The Town will compensate owners based on a 2023 estimated replacement cost of \$6367 for forced air systems and \$7959 for in-floor heating systems. This is calculated by inflating the 2020 average purchase prices of \$6,000 and \$7,500, respectively, by 2% per year.
5. Each owner will be responsible for arranging for the installation of their own replacement heating systems.
6. Some residents may be concerned about the change in their carbon footprint. Fortis Gas provides an option for purchasing Recycled Natural Gas (RNG) which has net zero emissions.

The Town's records indicate that the heating unit at **[address]** had a **[type]** system installed in **[year]**.
The age of your heat system in 2023 will be **[age]** and will have **[percentage]** of its life left.

Accordingly, the compensation that the Town will provide is **[percentage]** x **[unit cost]** = **[compensation]**. A cheque in this amount will be provided to you once you have provided notice to the Town and have been disconnected from the GDEU.

Council is welcoming any comments on the planned decommissioning. If you wish to do so, please either write to Mayor and Council at the Town Hall or send an email to MayorAndCouncil@gibsons.ca.

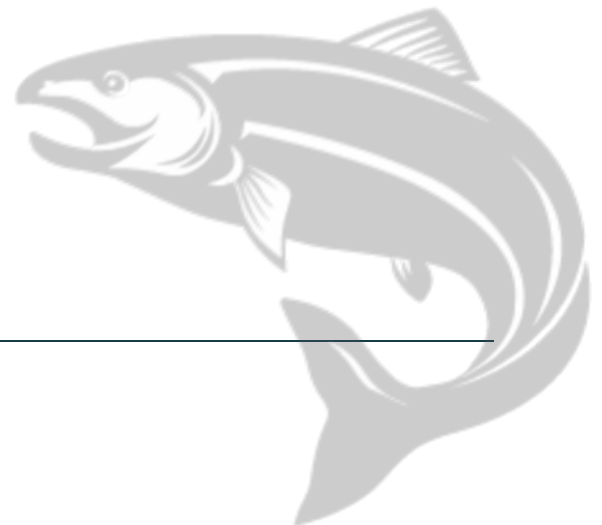
If you have any questions regarding this process, please contact the undersigned.

Regards,

TOWN OF GIBSONS

Dave Newman, ASCT
Director of Infrastructure Services

cc: Mayor and Council
Emanuel Machado, CAO
Lorraine Coughlin, Director of Finance
Daniel Tardif, Manager of Maintenance and Operations



Gibsons District Energy Utility (GDEU)

Frequently Asked Questions

1. When do owners receive their compensation cheque from the Town?

The owner will be required to notify the Town at least 30 days prior to the start of one of the billing periods identified in the informational letter. Once the Town has physically disconnected the GDEU service at the property line, a compensation cheque will then be mailed to the owner.

2. Will I still need to pay GDEU fees after I disconnect?

Once you have provided notice to the Town and have disconnected from the system, you will be billed for the remaining portion of the six-month GDEU billing period. GDEU user fees will no longer be charged, effective the beginning of the next billing period after disconnection.

3. What happens if my system costs less than the amount that the Town has estimated?

The owner will receive the amount calculated by the Town regardless of the cost of the new system.

4. What happens if my new system costs more than estimated by the Town?

The owner is responsible for all costs above the amount the Town is providing.

5. Why don't you compensate owners based on the remaining lives left in their systems as of the date they disconnect instead of 2023?

The Town is making the GDEU available until 2023 which is why this date is being used. Early disconnection is an option that the Town is providing for owners should they wish.

6. Why doesn't the Town pay for the full replacement of owner's systems?

Council has provided a solution that is fair to all. If the Town paid the same amount to every owner, regardless of the age of the systems, owners with older systems that would normally have to be replaced at the owners' cost would receive a greater financial benefit than those with newer systems

7. I have already installed an alternate source of heating. Will I get any compensation from the Town?

Yes. Compensation will be based on the original installation date of your original system.

8. Will the covenant requiring connection to the GDEU be removed from the title of my property?

Yes. Staff will be facilitating the removal of this covenant from each property.

9. What kinds of heating systems can be installed in my home?

Either gas or hydroelectric is available within the Parkland development.

10. Is gas available to all the properties?

No. However, a contact has been provided below for residents to contact to determine how you may be serviced by gas should you choose.

11. What will be happening to the pumphouse?

At this point, Council has not made any plans for the pumphouse.

12. What will happen with the ethanol in the system?

The Town will drain and dispose of the ethanol in an appropriate manner once all customers have disconnected from the GDEU.

Fortis Gas Contact Information:

Greg Enns

Energy Solutions Manager

FortisBC

1-250-703-6814 | Toll Free: 1-866-225-1188

Greg.enns@fortisbc.com